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SUBJECT: NATIONAL ASSEMBLY FOCUSES ON CORRUPTION, WTO
ACCESSION

1. (SBU) Summary: The National Assembly (NA) ended its longest ever session June 15 after passing a record number of bills and considering several others. The primary focus of this session was passage of new and amended laws related to Vietnam's WTO accession efforts. The NA also introduced a fast-track procedure that will allow further WTO-related bills to be passed before the end of the year. Other legal changes shortened the length of mandatory military service and transferred the State Audit Office to Assembly, rather than Government, control. Discussions on a draft anti-corruption law attracted considerable public attention, especially after a former Party chairman admitted having been offered bribes. End Summary.

2. (U) The 7th session of the current 11th National Assembly ran from May 5 to June 15. Previous sessions had never gone longer than 30 days. During this session, delegates discussed and passed fifteen laws and commented on twelve other bills, record numbers for a single session. The laws passed included the revised Civil Code, the revised Commercial Law, the Law on Import and Export Tariffs, the Law on Tourism, the revised Maritime Code, the Pharmaceutical Law, the Law on Signing, Joining and Implementing International Conventions, the National Defense Law, the Law on State Audits, the revised Customs Law, the revised Law on Education and a law amending and supplementing some articles of the Law on Military Service. Delegates also commented on several bills, including those on environmental protection, intellectual property, electronic transactions, housing, youth, the people's police, anti-corruption and practicing thrift and fighting wastefulness. These will be passed in subsequent sessions. For the first time ever, discussions on certain high-profile bills, including the ones on anti-corruption, on practicing thrift and fighting wastefulness and on the revised Civil Code, were televised live.

3. (SBU) The NA also introduced, but did not use, a new fast-track law-making procedure. Under the procedure, when they deem it necessary, delegates can discuss and approve bills in a single session. Previously, any bill had to first be commented on at one session before being discussed again and approved at the following session. The fast-track process was authorized in 2003, but the NA never discussed the process by which it could be implemented. (Comment: We expect that this was put in place so that remaining WTO-related laws can be passed in the fall session, in the hope that Vietnam can reach its goal of accession this year. End comment.)

4. (SBU) The primary focus of the session was on issues related to Vietnam's efforts to join the WTO. On the first day of the session, delegates made a special amendment to the NA's legislative calendar for 2005. Under the revised program, during the autumn Assembly session in October, the NA will discuss and approve the draft Enterprise Law and draft Investment Law earlier than initially scheduled. The debate and approval process will also be sped up for the bill on Amending and Supplementing a number of articles of the Law on Value Added Tax, the Law on Special Consumption and the Law on Complaints and Denunciations. According to press reports, amendments to the Law on Value Added Tax will likely eliminate discriminatory VAT rates between domestically produced cotton and imported cotton, while the special consumption rate for automobiles would be amended. On April 4, Prime Minister Phan Van Khai issued instructions to ministries and government agencies to finish drafts for 22 laws and ordinances to be submitted to the NA and its Standing Committee for approval within 2005 in order to facilitate Vietnam's efforts to accede to the WTO.

5. (SBU) The NA continued its focus on fiscal accountability and anti-corruption measures during the session. The new Law on State Audits requires that the State Audit Office, which previously answered to the Prime Minister, become an autonomous institution reporting directly to the National Assembly. This potentially allows the State Audit Office to audit more effectively Governmental agencies. The Office's audits are also to be openly released, and its "recommendations" to be considered binding.

16. (SBU) The Government presented its draft anti-corruption law to the NA this session. The GVN initially said it would present the draft in October, but the Chairman of the NA, Nguyen Van An, prioritized the issue and demanded it in May. The bill requires greater transparency on infrastructure development projects, public expenditures, land planning and management and management of State-owned enterprises. It requests that "civil servants holding titles and powers" declare their assets as well as those of their dependants. The bill also proposes that anti-corruption steering committees be set up at the central and provincial level. The central steering committee is charged with leading and supervising national efforts on anti-corruption, while at the same time providing guidance on specific cases. The Prime Minister himself would be the head of the central steering committee, and the Ministers of Public Security, Home Affairs and Finance, chief of the central State Audit Office, chairmen of the Party Control Commission and Internal Affairs Commission, President of the Vietnam Fatherland Front, General Procurator of the Supreme People's Procuracy, Presiding Judge of the Supreme People's Court and chief of the Government's Inspectorate would serve as members. The chairman of each provincial People's Committee would head the provincial steering committee, while the head of the provincial inspectorate would serve as vice chairman.

17. (SBU) NA contacts said the Assembly had planned to pass the anti-corruption law during the session using the fast-track procedure, but this was derailed by disagreements among delegates over specific provisions of the bill. Many delegates did not support the establishment of Government anti-corruption steering committees, believing that oversight for anti-corruption efforts should reside in the Assembly, not the Executive Branch. Outside the session there was a great deal of public discussion on corruption-related problems. The Fatherland Front released a report that characterized corruption as among the most worrisome issues to ordinary people. Former Communist Party General Secretary Le Kha Phieu sensationally stated to the press

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that several individuals had attempted to bribe him.

18. (SBU) The amended Law on Military Service shortened the length of compulsory military service to 18 months from 24 months. The Defense Law, which is the first of its kind for Vietnam, serves largely to consolidate a variety of previous, lower-level ordinances and decrees dealing with various aspects of defense issues, NA contacts reported. The text of all the new laws passed will begin to be printed in the Official Gazette starting in July.

19. (U) During this session, a record number of ten cabinet members, including Deputy Prime Minister Nguyen Tan Dung and Public Security Minister Le Hong Anh, stood for questions from delegates during a three-day hearing that was televised live. Industry Minister Hoang Trung Hai was grilled on possible corruption related to the seven-year delay of the Dung Quat oil refinery project. Health Minister Tran Thi Trung Chien faced strong criticism in a report of the NA Committee for Social Affairs, which declared the current public health system only "benefits the wealthy."

110. (SBU) Comment: Beyond the immediate matter of Vietnam's WTO aspirations, the NA has sunk its teeth into the issue of corruption above all others. Moving the State Audit Office to its own control and demanding a draft anti-corruption law from the Government suggests both frustration with the way the Government is handling the corruption problem and a willingness by the Assembly to exert some of its steadily growing influence. Ultimately, however, it is difficult to know whether the Assembly is tackling corruption because it see this as the most critical issue in the daily lives of its constituents, or because the Party has allowed -- or encouraged -- it to do so.

BOARDMAN